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SUBJECT: SECRETARY GENERAL'S THOUGHTS ON REFORM

Classified By: DCM John A. Heffern for reasons 1.4(B)&(D).

¶1. (NC) At the October 20 PermReps' lunch, Secretary General Rasmussen drew from the following speaking notes on NATO reform:

BEGIN TEXT

NATO REFORM

NATO cannot stand still. We must adapt to make sure we are in the best possible shape to meet the challenges this Alliance faces. We should be able to take decisions more quickly on the basis of high-quality joint political-military advice. We must be able to spot early on emerging security issues and make sure we can tackle them. And in these difficult economic times, we must always ensure that we are acting in the most efficient manner possible.

In the past reform has often been addressed in large chunks, with issues brought together into a package approach. There is no intention to go down that path. When issues where change is needed are identified, they will be addressed swiftly with nations.

Some might argue that the starting point for further reform should be the new Strategic Concept. And they have a point. It will give us answers to big questions and point towards other critical reform work. But the challenges we face now are of such importance that we cannot wait. We need reform now, and later.

Some specific issues:

There is a need for more joint working between the political and military sides of the house. Joint working produces higher-quality and faster products and should become our default working mode.

To support more joint working, a close look at IS and IMS collocation is warranted. Of course it is not a panacea, but it can have very real benefits which we should not shy away from exploring.

NATO works by committee. This will not change. But a rigorous effort to make sure they are organised in the right way to deliver the results we seek is necessary. Deputies are engaged in a review of these committees. This will not be a glamorous task, but it is critical work. They should take a radical approach and thoroughly test whether certain committees are still needed. It is necessary to spot emerging policy issues early on.

Policy making should be supported by a strong intelligence process. The Council deserves to have the best available information before it, in a form we can actually use. The present situation is sub-optimal. We have many people and committees engaged in intelligence, but not in a coherent

manner. Intelligence reform therefore needs to be a priority.

And once we do identify emerging security problems, we must not shy away from addressing them.

The need to take a close look at how climate change is going to affect our security is an example. It is incredibly difficult to predict today how it will affect us, but we should start looking at the issue and taking action when we can. As a beginning, work has been tasked to make this Headquarters more "green". But that really is only the beginning - we need to look at the issue from multiple aspects.

What we address also needs to drive how we are organised. This Headquarters cannot be static, but must adapt to the requirements. The nations have already given the Secretary General some flexibility to manage the staff more effectively. Full advantage must be taken of this, to make sure that resources do flow to priorities. But at some point, larger organisational change may be necessary.

When looking at our myriad collection of partnerships - all of them are valuable in their own right - would we not benefit by adopting a more coherent approach? Have we ever managed to really define what it is we want to get out of these relationships? Once we know that, we will have a better view on what we should offer our Partners. Discussion on this should be started.

The need for efficiency in how we do our business is important. Many countries around this table have suffered as a result of the difficult economic circumstances. All the more reason for us to ensure that we are acting as efficiently as possible.

The work currently underway on a review of NATO Agencies has great potential to deliver significant savings. It deserves more high-level attention from the Council.

We should take a hard look at our Acquisition processes. They should be amended to support the effective, efficient and timely delivery of common funded capabilities to support operations as well as addressing other urgent tasks. The current processes are not well designed to do that. They need to change.

In general, how we address capability development must always be high on our agenda. Allied Command Transformation has an important role to play in suggesting innovative approaches, and General Abrial will be asked to come forward with proposals. Not only on this issue, but also to better link his Headquarters into the policy process.

The new NATO Headquarters is a significant investment. We all want to get value for money from it. The Secretary General has decided to set up a Transition Management team to ensure that we are able to do just that, and to tackle the problems that will undoubtedly arise as we gradually prepare for the move.

Last of all, the new Human Resources Strategy will be discussed in November. We need more rotation in A-grade positions also below A6. But we are constrained by the fact that 60 percent of A-grades are on indefinite contract. And certainly the current budget does not allow us buy-offs. Nations need to cooperate in ensuring that positions that are identified for rotation can indeed be rotated. The gut reaction is to "defend" a secondee or a fellow countryman whose contract will not be extended. This should be avoided. It undermines the very rotations that nations are asking the Secretary General to ensure.

END TEXT

12. (C) In the discussion which followed, most PermReps were supportive of the general thrust of the Secretary General's remarks. Only the Spanish equivocated.

13. (C) Comment: NATO reform is clearly a top priority of the new Secretary General, as it is for the Mission. We expect a detailed action plan to follow. End comment.

HEFFERN